



Under embargo until 00:01 Wednesday 17th June 2015

April 2015

House prices drop £3,000 in April after pre-LBTT boost

- Scottish house prices fell 1.6% in April – the largest monthly fall since 2009, after new LBTT introduced
- Buyers rush through 83 £1m+ sales in March to beat higher tax, but no million pound homes sold in April
- Islands weather monthly slowdown on the mainland – with Orkney, Eilean Siar and the Shetlands seeing biggest boost in values during month of April
- April home sales up 18% month-on-month, and 4% higher than a year ago as result of stamp duty changes

House Price	Index	Monthly Change %	Annual Change %
£184,970	242.3	-1.6	14.6

Christine Campbell, Your Move managing director in Scotland, comments: “Reforming Scottish stamp duty was always going to ruffle a few feathers in the market. After a spectacular 9.4% leap during March ahead of the new Land and Buildings Transaction Tax (LBTT), average Scottish house prices subsequently fell 1.6% in April – equal to £3,000. This is the sharpest fall we’ve seen since March 2009, when the housing market was at the lowest ebb of the housing crisis. The most significant monthly downturn was found in East Lothian, where values dropped 7.2%.

“The Scottish housing market put on a high-octane performance in March, as high-end buyers raced against the clock to snap up million-pound property before the higher rates of stamp duty came into play. Overall, 83 properties worth £1m or higher were sold in March, compared to 12 in a typical month. A staggering 46 of these changed hands in the 3 days running up to the introduction of the LBTT on 1st April. This jet stream of high value purchases magnified the average price paid in March, but now the market is re-focusing under the lens of the new tax regime – and in contrast there were no property sales over £1m in the month of April.

“This high-end freeze has also cooled annual growth, which slipped from 16.3% in March to 14.6% in April. However, with double-digit growth still pervading, the housing recovery doesn’t appear too shaken, and this short-term hiccup has been concentrated in higher priced areas. The islands of Orkney, Eilean Siar and the Shetlands have weathered the stamp duty disruption on the mainland, and saw the highest price increases during the month, of 9.1%, 4.8% and 4.4% respectively. Property values also reached a new peak in the Scottish Borders, Highland, and West Dunbartonshire in April.

“There were 8,203 home sales during April, jumping 18% on the previous month, and also 4% higher than a year ago. Overall, Scottish sales in both March and April have grown on 2014 levels – bucking the trend witnessed across England and Wales, where sales have been consistently falling behind on a yearly basis over the past six months. Meanwhile in Scotland, the different stamp duty shake-up has clearly accelerated purchasing decisions to the front-end of the year. For instance, there were 237 more homes sold in Edinburgh during Q1 2015 than the first quarter of last year, of which 130 were larger, detached properties, and 96 of these changed hands in March – showing the extent of the last-minute crush before the tax deadline. This has helped property values in Edinburgh see the biggest boost year-on-year across mainland Scotland, of 25.5%.

“Now we’ve crossed over into LBTT territory, the new tax landscape will soon become the norm and the dust will settle after the disruption. The majority of Scottish buyers – those purchasing property for under £254,000 – will benefit from lower tax costs, so the momentum in the market should continue into the summer, even if prices are reined in over the short-term by a slower top-end, until they adjust to the new banding.”

For commentary by John Tindale, Acadata’s senior housing analyst, see page 3.

Table 1. Average House Prices in Scotland for the period April 2014 – April 2015

[link to source Excel](#)

		House Price	Index	Monthly Change %	Annual Change %
April	2014	£161,366	211.3	-0.1	3.7
May	2014	£163,916	214.7	1.6	5.2
June	2014	£165,479	216.7	1.0	5.9
July	2014	£165,330	216.5	-0.1	5.5
August	2014	£165,679	217.0	0.2	5.7
September	2014	£165,228	216.4	-0.3	5.4
October	2014	£166,195	217.7	0.6	5.8
November	2014	£165,923	217.3	-0.2	4.5
December	2014	£166,624	218.2	0.4	4.5
January	2015	£168,099	220.2	0.9	3.9
February	2015	£171,821	225.0	2.2	7.2
March	2015	£187,983	246.2	9.4	16.3
April	2015	£184,970	242.3	-1.6	14.6

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John Tindale, senior housing analyst for Acadata, comments:

Following the record breaking 9.4% rise in average house prices in March, prices have fallen back by -£3,000, or -1.6% in April. This is the second largest fall in a single month recorded by the Registers of Scotland (RoS) since its database became fully operational in June 2003. The largest ever fall in a month at -£3,500, or -2.3% was recorded in March 2009, as the housing market reached the bottom of the trough relating to the credit crisis of 2008/2009. The reason for the current exceptional fall in house prices is tax-related, being a direct consequence of the new Land and Buildings Transaction Tax (LBTT) which came into force on 1st April 2015. As we discussed last month, there was a rush to purchase high value properties in March 2015, to avoid paying the higher rates of stamp duty tax associated with the LBTT. As a result, exceptionally few sales of high value properties took place during April 2015.

House Prices in Scotland April 2005 - April 2015



Figure 1. Annual Change in average House Prices in Scotland April 2005 – April 2015

[link to source Excel](#)

Figure 1 shows the average house price in Scotland for the ten year period April 2005 - April 2015. The graph depicts the relatively steep rise in prices over the period April 2005 - September 2007, then the more subdued increase in prices from October 2007 - May 2008, when a peak was reached at £166,279. This was followed by falling prices from June 2008 - March 2009, during the banking credit crisis, to a low point of £149,929. Prices then fluctuated in a range from £150,000 to £165,000, a level reached in June 2014. In December 2014, a new peak average price was established, with average prices increasing dramatically in March 2015, followed by a decline in April. The movements in both March and April were associated with the introduction of the LBTT on 1st April 2015. Our average house prices are end month smoothed over a three month period. The consequences arising from the introduction of the LBTT will therefore continue to influence our average house price calculations for at least the next three months.

Table 2. The number of daily entries in the Registers of Scotland database for March 2015, of properties having a value of £1 million plus.

[link to source Excel](#)

Number of properties entered on RoS database having a value of £1 m +			
RoS entry date	Count	RoS entry date	Count
02/03/2015	1	20/03/2015	4
04/03/2015	1	23/03/2015	4
06/03/2015	1	24/03/2015	4
09/03/2015	1	25/03/2015	7
10/03/2015	2	26/03/2015	3
12/03/2015	2	27/03/2015	17
13/03/2015	3	30/03/2015	14
16/03/2015	4	31/03/2015	15
Sub-Total	15	Sub-Total	68
		Grand Total	83

Further data have emerged from RoS this month, relating to the sale of properties during March 2015, which makes fascinating reading.

Last month we reported that 36 properties had been sold in March with a value of £1 million plus. Unfortunately what we had not realised was that we were missing data for the last three days of the month. In fact there were a total of 83 properties sold during March with a value of £1 million plus, with 46 of these being sold on the last 3 days of the month.

This compares with an average monthly total of 12 properties per month with a value of £1 million plus during 2014, and an average 9.5 of such properties per month in 2013.

There were no property sales in excess of £1 million in April.

House prices analysis

Table 3. Average House Prices in Scotland, by local authority area, comparing April 2014 and March 2015 with April 2015 [link to source Excel](#)

RANK BY PRICE	PRIOR YR RANK	LOCAL AUTHORITY AREA	Apr-14	Mar-15	Apr-15	% Monthly Change	% Annual Change
1	3	Edinburgh, City of	223,942	295,749	280,941	-5.0%	25.5%
2	4	Aberdeenshire	222,449	257,834	253,754	-1.6%	14.1%
3	1	East Renfrewshire	241,117	257,396	251,392	-2.3%	4.3%
4	6	East Lothian	207,166	270,779	251,358	-7.2%	21.3%
5	2	East Dunbartonshire	225,305	260,232	248,066	-4.7%	10.1%
6	5	Aberdeen City	212,504	253,704	247,157	-2.6%	16.3%
7	7	Perth & Kinross	184,220	210,291	207,091	-1.5%	12.4%
8	8	Stirling	178,594	202,947	197,085	-2.9%	10.4%
9	9	Midlothian	169,294	191,174	191,501	0.2%	13.1%
10	10	Scottish Borders	168,803	183,380	189,540	3.4%	12.3%
11	11	Highland	164,657	172,459	176,403	2.3%	7.1%
12	13	South Ayrshire	144,937	173,130	171,118	-1.2%	18.1%
13	18	Clackmannanshire	133,910	164,753	164,541	-0.1%	22.9%
14	12	Argyll & Bute	153,986	164,724	163,143	-1.0%	5.9%
15	15	West Lothian	143,542	163,284	160,452	-1.7%	11.8%
16	17	Fife	140,457	157,672	157,547	-0.1%	12.2%
17	16	Moray	143,005	156,731	155,401	-0.8%	8.7%
18	27	Shetland Islands	122,734	148,575	155,109	4.4%	26.4%
19	14	Angus	143,621	155,006	154,531	-0.3%	7.6%
20	20	Dumfries & Galloway	127,641	144,516	148,409	2.7%	16.3%
21	22	Inverclyde	126,567	149,266	148,288	-0.7%	17.2%
22	24	Orkney Islands	125,244	135,609	147,986	9.1%	18.2%
23	23	South Lanarkshire	125,896	148,844	147,544	-0.9%	17.2%
24	21	Glasgow City	126,677	146,459	145,741	-0.5%	15.0%
25	19	Dundee City	130,378	142,569	140,901	-1.2%	8.1%
26	25	Renfrewshire	124,906	138,282	136,447	-1.3%	9.2%
27	26	Falkirk	123,030	129,211	131,878	2.1%	7.2%
28	30	West Dunbartonshire	112,821	127,787	130,756	2.3%	15.9%
29	31	East Ayrshire	102,395	127,039	123,018	-3.2%	20.1%
30	28	North Ayrshire	114,814	120,103	122,548	2.0%	6.7%
31	32	Eilean Siar	94,591	115,374	120,877	4.8%	27.8%
32	29	North Lanarkshire	114,450	115,144	118,568	3.0%	3.6%
		All Scotland	161,366	187,983	184,970	-1.6%	14.6%

Table 3 above shows the average house price and percentage change (over the last month and year) by Local Authority Area for April 2014, March 2015 and April 2015. In April 2015, the overall average price fell by an exceptional -1.6% in the month, with lower prices in 21 of the 32 Local Authority Areas on a seasonally adjusted basis (last month the market was on the other side of the peak, with prices rising in 31 of the 32 areas). Looking at the change in house prices in the month, the areas with the highest rises were the Orkney Islands, +9.1%, Eilean Siar, +4.8% and the Shetland Islands, +4.4%, so it would appear that the islands were mostly immune to the stamp duty events happening on the mainland. The area with the largest fall in average prices in the month was East Lothian, down -7.2%, but this contrasts with and counteracts the 11.8% increase in average prices in the area, which we reported last month.

On an annual basis, average prices in April were still 14.6% higher than a year earlier, but this is down from the 16.3% increase in the year seen in March, on a restated basis. We anticipate that this annual rate will continue to fall over the next three months. On the mainland, the area with the highest rise in prices on an annual basis is Edinburgh at 25.5%, but this is heavily influenced by our policy of smoothing prices over a three month period, which means that the March changes are still influencing the April results. All 32 Local Authority Areas have seen prices rise on an annual basis, with the smallest increase taking place in North Lanarkshire at 3.6%.

This month there are three local authority areas that have reached a new peak in their respective average house prices, highlighted in turquoise in the Table above. In the Scottish Borders, the average prices of detached and terraced properties have both increased by £20k since the start of the year. And in both the Highland region and West Dunbartonshire there has been strong demand for flats, which has resulted in average prices for such properties increasing since January by £24k and £12k respectively.

Transactions

Transactions

The number of transactions in April 2015 recorded by the Registers of Scotland was 8,203, up 18% on the previous month, and up 4% on the previous year. Traditionally, the number of sales in April increases by 10% from the levels recorded in March, so the 18% increase recorded this year is higher than our seasonal analysis would predict.

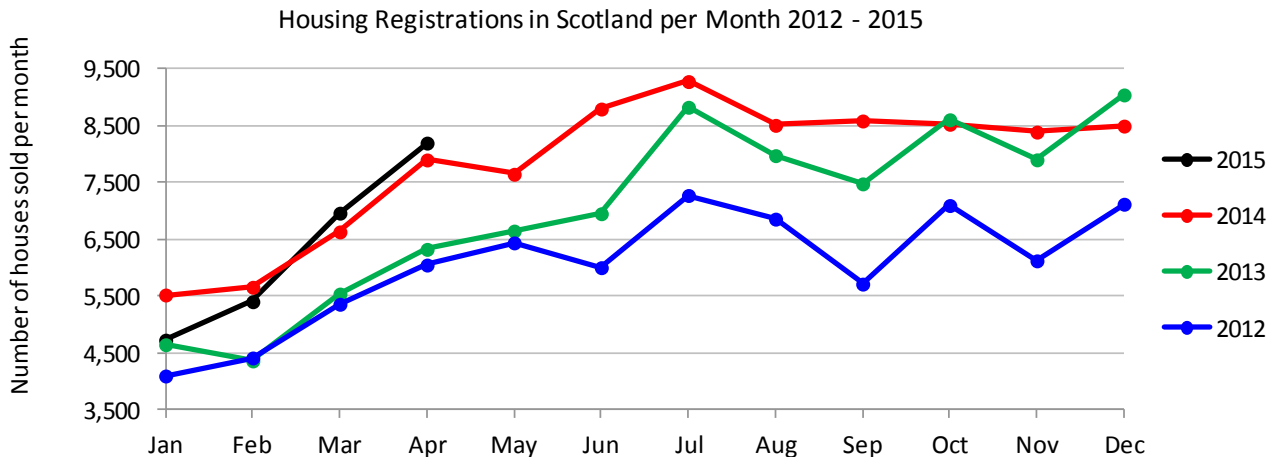


Figure 2. The number of applications received by Registers of Scotland for registration per month, for the period Jan 2012 – April 2015. (Not seasonally adjusted). Source: Registers of Scotland. [link to source Excel](#)

Figure 2 above shows the number of applications received by Registers of Scotland for registration for the period Jan 2012 - April 2015. Although during the three month period December 2014 - February 2015 sales were lower during the current year than the previous year, sales in both March and April 2015 have been above the same two months in 2014. This pattern has not been observed south of the border where sales per month have been below the previous year's totals for six months from November 2014 - April 2015. We conclude from this that in Scotland March and April sales applications in 2015 have been buoyed by the change in stamp duty, bringing purchasing decisions forward to the earlier part of the year.

We have learned this month, slightly to our cost in advising on these matters, that the date used in the Registers of Scotland reports is that of the date of the receipt of an application for registration, as opposed to the date on which the legal transfer of the property is completed. Consequently, some applications received in April by RoS will in fact relate to a sale which was legally completed in March. Ordinarily, this subtle distinction does not have much effect on the figures we produce; however, the large number of high value transactions that took place during the last three days of March - see Table 2 above as an example - meant that RoS received a higher number of applications in April relating to the legal transfer of a property in March than is the norm.

If we base our transactions analysis on the legal transfer of sale date, we can advise that the number of sales that took place in March 2015 totalled some 6,500 properties, which was 42% higher than the number of transactions recorded for February 2015. However, the similar figure for the previous year, when there were no stamp duty changes, was a 20% increase in sales in March over February. We therefore need to be conscious of the significant seasonality that exists in the market during the late winter/early spring months.

On the basis of the legal transfer sale date, as opposed to application date, transactions in Scotland during Q1 2015 were 5% lower than Q1 2014. At the individual Local Authority level, the change in transactions over this period ranged from +15% in East Renfrewshire to -29% in Midlothian. In East Renfrewshire, terraced properties saw the largest increase in sales, up 38%, while in Midlothian it was terraces that saw the largest decline in sales, down 53% compared to the previous year.

In absolute, as opposed to percentage, terms Edinburgh had the highest increase in sales, with an additional 237 properties in Q1 2015 being sold compared to Q1 2014. Of these 237 additional sales, 130 were detached properties, with 96 of these additional units being sold in March 2015. We can therefore conclude that a significant proportion of the increase in transactions that took place in Edinburgh in Q1 2015 was as a response to the introduction of LBTT in April 2015. The area with the largest fall in transactions in absolute terms, in Q1 2015 compared to Q1 2014, was South Lanarkshire, where the number of properties sold reduced by 237 units (by coincidence being the exact same number as Edinburgh saw increases). In South Lanarkshire it was terraces that saw the largest decline in the number of properties sold, being down by 92 units compared to a year earlier. No property type in South Lanarkshire saw an increase in March 2015 sales compared to March 2014.

Notes

NOTES

1. Your Move Acad Scotland HPI is a price series as opposed to a value series and is the only house price index for Scotland to use:
 - the actual prices at which every residential property in Scotland was transacted, including prices for properties bought with cash, using the data provided by Registers of Scotland as opposed to valuation estimates or asking prices
 - the price of every single relevant transaction, as opposed to prices based upon samples
2. the current month Your Move Acad Scotland HPI is not forecast, unlike the LSL Acad E&W HPI, but is based on achieved prices. The first release of the Scotland results lag the first release of those for England & Wales by one month, as the former index does not use estimates of market prices.
3. whilst the Your Move Acad Scotland HPI, like the LSL Acad E&W HPI, comprises a smoothed average of three months' prices, the Your Move Acad Scotland HPI average reflects the average price at the month of the index and the prior two months' prices and is ascribed to the month of the index i.e. it is "end month smoothed" (ems) and not "centre month smoothed" (cms) as applied to the LSL Acad E&W HPI. Since we provide only a national England & Wales average price in our current month LSL Acad E&W HPI and prices at region and lower levels are lagged one month, this procedure means that the Your Move Acad Scotland HPI prices are contemporaneous with the prices published for the equivalent month for England & Wales, Wales and the regions.
4. all Your Move Acad Scotland HPI results are subject to change following receipt of updated data from Registers of Scotland
5. Acadata is an independent privately owned consultancy working with Dr Stephen Satchell, Economics Fellow Trinity College Cambridge, and specialises in the production of house price indices and data for the assessment of risk in property and mortgage portfolios.

Comparison of indices and RoS average prices

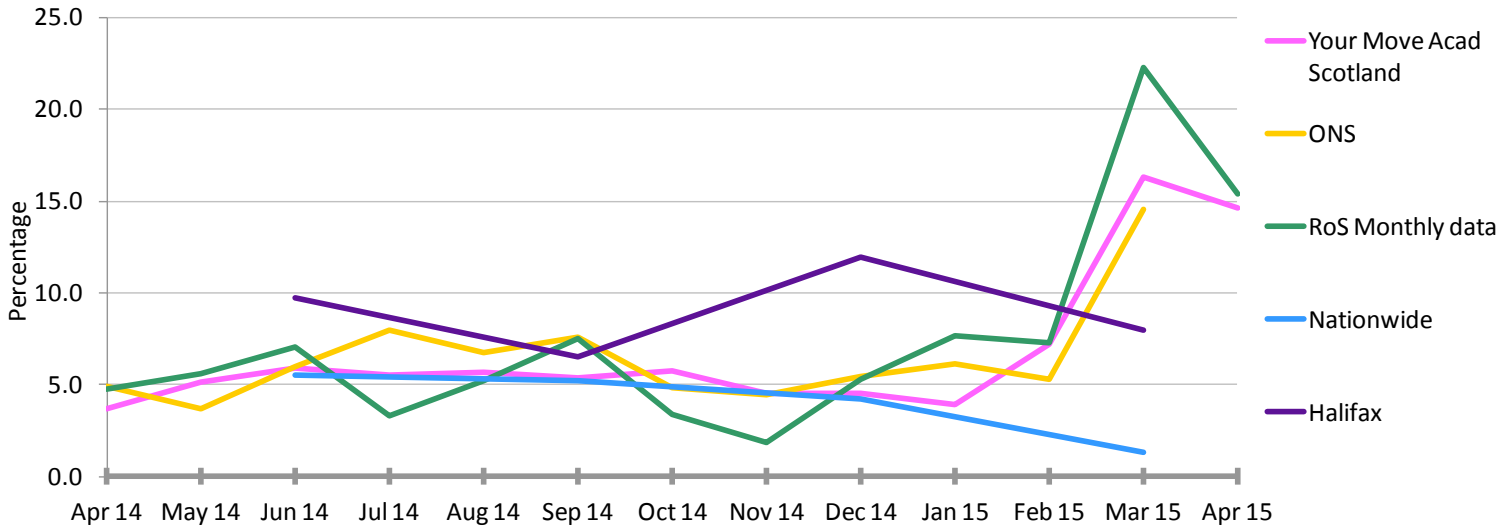


Figure 3. ANNUAL CHANGE IN HOUSE PRICES - COMPARISON OF INDICES AND RoS CHART [link to source Excel](#)

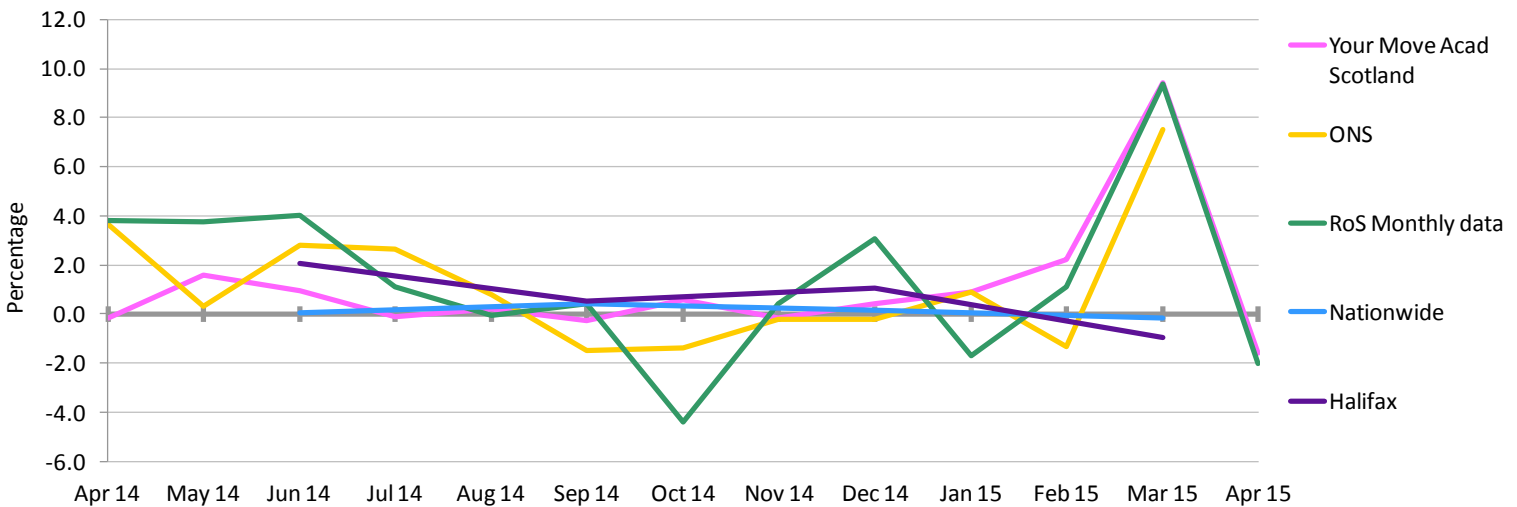


Figure 4. MONTHLY CHANGE IN HOUSE PRICES - COMPARISON OF INDICES AND RoS CHART [link to source Excel](#)

The charts above compare the main indices provided for Scotland and the RoS arithmetic average prices. It should be noted that Halifax and Nationwide provide prices for the Scottish market only on a quarterly basis and we have charted these by interpolating on a straight line basis.

No Index is yet reporting on the state of the housing market post March 2015. Both the Your Move Acad Scotland index and the ONS index smooth their results over three months, so will both be affected by the increase in prices that occurred in March. The RoS Monthly data are based on application date as opposed to the date of the legal transfer of title. As such, RoS received a number of applications in April relating to sales that took place in March, with these sales influencing the RoS average prices for April.

Comparisons with Scotland

Average House Price

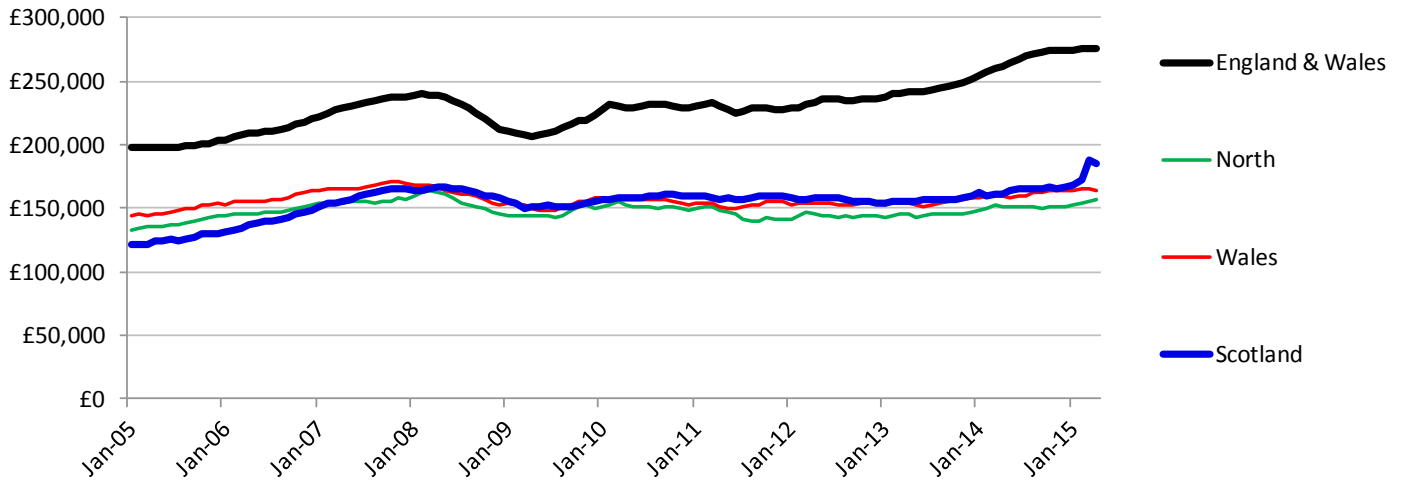


Figure 5. Scotland house prices, compared with England & Wales, Wales and the North for the period January 2005 - April 2015 [link to source Excel](#)

Annual % change in Average House Prices

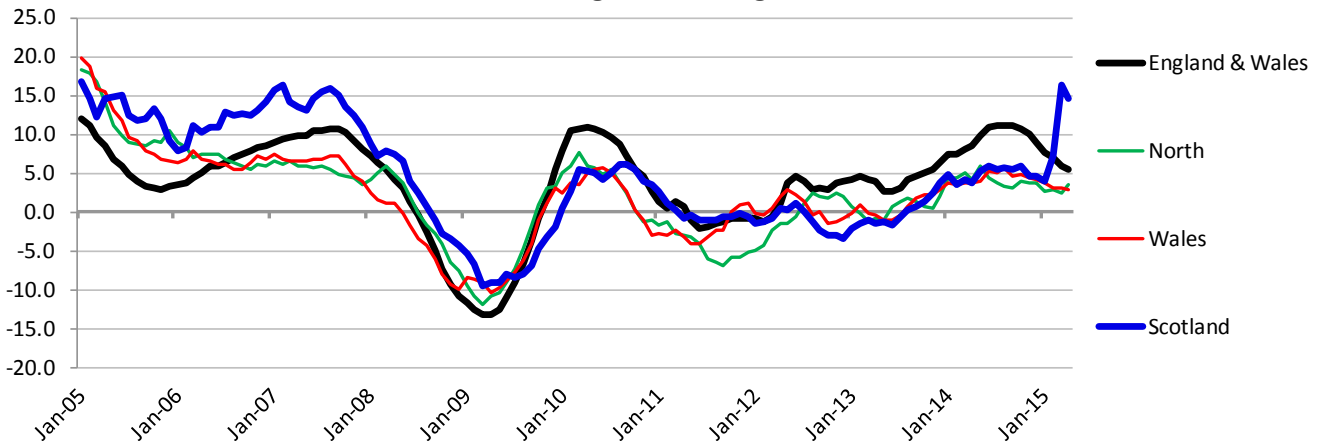


Figure 6. A comparison of the annual change in house prices in Scotland, England & Wales, Wales and the North for the period January 2005 – April 2015 [link to source Excel](#)

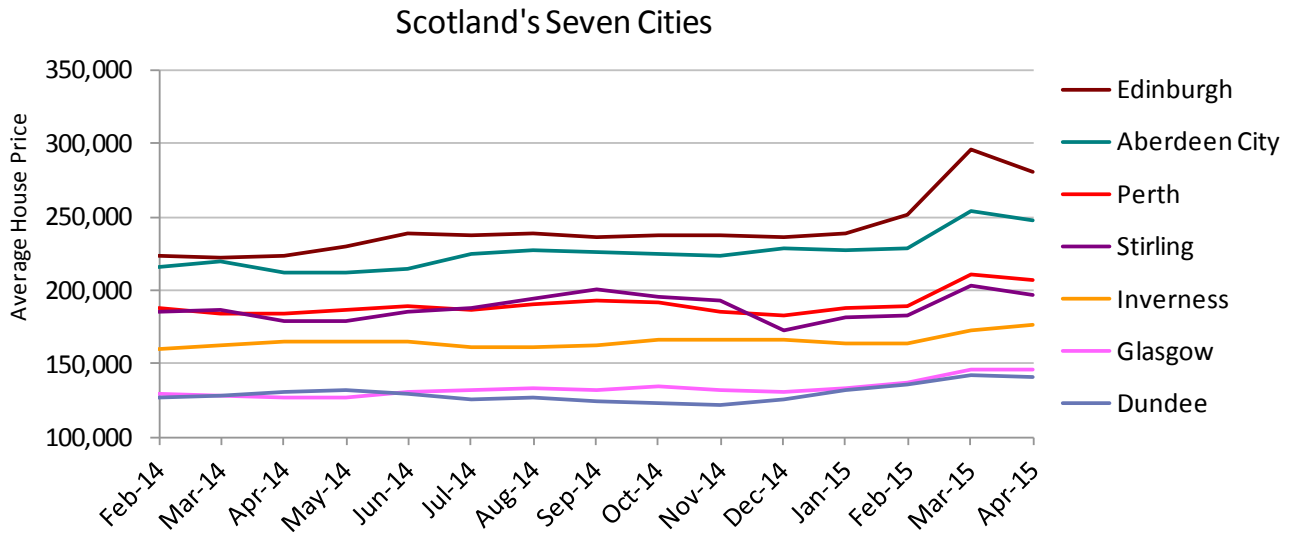


Figure 7. Average house prices for Scotland's seven cities from February 2014 – April 2015 [link to source Excel](#)

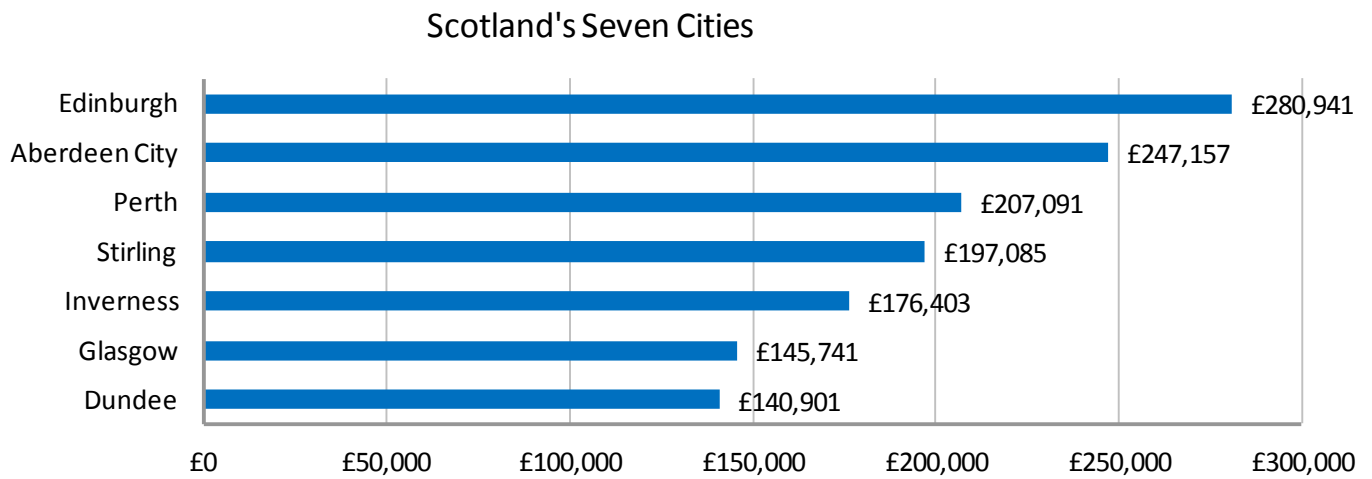


Figure 8. Average house prices for Scotland's seven cities April 2015 [link to source Excel](#)

1. Your Move Acad Scotland HPI is derived from Registers of Scotland (RoS) house price data, seasonally and mix adjusted by property type. © Crown copyright material reproduced with the permission of Registers of Scotland. The prices are smoothed to show underlying trends. Your Move Acad Scotland HPI includes cash purchase prices and is the only index based upon the complete, factual house price data for Scotland, as opposed to a sample.

2. Most indices employ data available to the provider as a result of its business; index methodologies are designed to exploit the advantages and overcome the disadvantages of each particular dataset; a valuation series (whether the values are professionally estimated at e.g. time of mortgage offer or by an estate agent) is not the same as a price series; a price series, such as Your Move Acad Scotland HPI or ONS HPI, can be prepared only when the prices at which properties have been transacted have been recorded at RoS (Your Move Acad Scotland HPI) or when firm prices at mortgage completion have been made available by lenders (ONS HPI); valuation series can be prepared whenever the data e.g. asking or mortgage offer prices are available to the provider; publicity accrues to those indices which are released first; indices published at or before month end are likely to employ data for the current and prior months. LSL Acad E&W HPI overcomes delay in the availability of all transactions for any given month from LR with an “index of indices” forecasting model, purpose developed by Dr Stephen Satchell Economics Fellow Trinity College Cambridge and Dr George Christodoulakis, then at the Sir John Cass Business School. Forecasting is assisted by the provision by LR of “emergent data”, being those current month transactions for which LR have received prompt notification.

3. The “emergent” data for Scotland necessary to repeat the E&W forecasting methodology are as yet unavailable from RoS, such that Your Move Acad Scotland HPI incorporates no forecasting procedure. Whilst the Your Move Acad Scotland HPI, like the LSL Acad E&W HPI, comprises a smoothed average of three months’ prices, the Your Move Acad Scotland HPI average reflects prices at the month of the index and those for the prior two months and is ascribed to the month of the index i.e. the prices are “end month smoothed” (ems) and not “centre month smoothed” (cms) as applicable to the LSL Acad E&W HPI. Please note that:

- we provide only a current month average price for England & Wales as a whole in our LSL Acad E&W HPI, and that prices at region and lower levels are lagged one month
- RoS monthly data comprises some 98% of the transaction for the current month and c.99% for the prior month

Hence, a smoothed average price using three months data ascribed to the index month (ems) for Your Move Acad Scotland HPI provides the equivalent price, to all intents and purposes, to the centre month smoothed (cms) price at region/county level, lagged by one month, as provided by the LSL Acad E&W HPI. Our intention is to align the procedure for LSL Scotland HPI with that used for LSL Acad E&W HPI, as soon as the necessary data may be available. Meanwhile, an ems procedure allows the Scotland prices to be placed alongside the contemporaneous prices for E&W as a whole and for Wales as a whole, and those for the E & W regions for comparison purposes.

4. LSL Acad E&W HPI provides prices from January 2000. RoS national data were available only from January 2001 and the constituents of RoS data changed between then and April 2003, showing a significant step change in prices between March and April. ONS HPI quarterly data were used to construct Your Move Acad Scotland HPI from January 2000 to April 2001 with straight line interpolations used to construct prices by month. Data for 11 local authorities were unavailable for the period January 2001 to April 2003 and were constructed by back-casting. The underlying data by property type, for months when no sales of a particular property type in a particular area were reported, were in-filled using the same procedure used in LSL Acad E&W and, by Eurostat, in preparing seasonal data.

5. Note that Your Move Acad Scotland HPI is unable to identify different prices according to e.g. numbers of bedrooms; the lender hedonic indices and the ONS mix adjusted HPI do so. RoS data, and hence Your Move Acad Scotland HPI, exclude commercial and thus auction sales, and do not reflect repossession prices on the grounds that such prices do not reflect those between a willing buyer and a willing seller.

6. Your Move Acad Scotland HPI is prepared from RoS data using a methodology designed to provide a “true measure of house price inflation”; Acadata does not guarantee the accuracy of the Your Move Acad Scotland HPI results and neither LSL nor Acadata shall be liable for any loss or damage, whatsoever, consequential upon any error, incorrect description of or inadequacy in the data; persons using the data do so entirely at their own risk; Your Move Acad Scotland HPI is freely provided for publication with due attribution to Acadata. Permission is required for any commercial use of the data.

7. The monthly, smoothed, average RoS prices at local authority level provided at property type, which underlie Your Move Acad Scotland HPI, together with historic data, can be purchased from Acadata.

8. LSL Acad E&W HPI was published under the name FTHPI from September 2003 until December 2009. Until the October 2013 LSL Acad E&W HPI was published, it was prepared by Acadametrics as was the Your Move Acad Scotland HPI. Acadametrics then changed its name to Acadata to reflect its new focus entirely upon house price indices and data following its agreement to sell its 50% holding in MIAC Acadametrics to MIAC Analytics over a 4 year period.

Note to editors

LSL PROPERTY SERVICES PLC

LSL is one of the leading residential property services companies in the UK and provides a broad range of services to a wide range of customers including mortgage lenders together with buyers and sellers of residential properties.

LSL's operations cover four key areas; surveying; estate agency; corporate services; financial services.

Surveying

LSL's [surveying](#) business operates under the e.surv Chartered Surveyors brand, and the Walker Fraser Steele brand in Scotland. e.surv is one of the largest employers of residential Chartered Surveyors in the UK and is the largest distributor and manager of mortgage valuations and private surveys.

Estate Agency

LSL's [estate agency](#) business operates under the Your Move, Reeds Rains, Intercounty and several independent brands. Your Move is the single largest estate agency brand in the UK.

In January 2010 the acquisition of the Halifax Estate Agency (HEA) business from Lloyd Banking Group saw LSL increase in size to become the second largest UK estate agency network - with around 570 branches. It is also the largest letting agency in the UK.

Corporate Services

LSL Corporate Client Services was launched in 2008 to provide asset management and lettings property portfolio management services to corporate clients. This business has grown through the addition of St Trinity Asset Management - which previously operated as HEA Corporate Services - and Templeton LPA, which LSL acquired in February 2010.

Financial Services

LSL offers financial services across its entire branch network. In May 2010 LSL acquired over 450 advisers from leading financial services network Home of Choice - these advisers now operate under the brand of First Complete.

In October 2010 LSL also announced the acquisition of mortgage distribution company, Advance Mortgage Funding Limited (trading as Pink Home Loans) and its subsidiary business BDS Mortgage Group Limited, (together known as Pink), from Skipton Building Society. It further confirmed LSL's position as one of the largest mortgage advisory businesses in the UK today.

For further information see www.lslps.co.uk